

**C3. Standard Rules & Regulations-Line Extension Construction Policy (Closed)**

SECTION III. - LINE EXTENSION CONSTRUCTION POLICY - Closed as of January 1, 2011. For extensions occurring after this date see Sheet No. C-19.00 - C-20.80.

**A. Definitions**

1. Line Extension:  
A line extending from the Company's existing distribution system to the customer's meter.
2. Net Cost of Construction:  
Total cost of construction less cost of right-of-way acquisitions, permits, and clearing.
3. Average Annual Revenue:  
The average annual revenue of the connecting customer's rate classification for the previous year, as determined by the data reported in the Company's Annual FERC Form 1 Report.
4. Directly Connected Customer:  
Any customer who connects to an existing line extension within 60 months from the date of the original line extension agreement.

**B. General**

1. A preliminary estimate for any line extension, temporary service, moving or replacement of existing facilities will be provided at any time at no cost to the customer; such estimate will not become binding on the Company. A request for a firm estimate will require a \$50.00 fee, which will be credited towards the cost of the construction of the line extension. Firm estimates will be prepared according to Standard Form No. ENGEST 94-1, and a copy will be provided to the customer.
2. Payment in full for the work requested in (B.1) above will be made by the customer, in advance, to the Company, based on the firm estimate less the \$50.00 estimate fee. Upon completion of the work, the estimate will be compared with the actual cost. Should the estimate be higher than the actual cost, the difference will be refunded to the customer, without interest. If the actual cost is greater than the estimate, there will be no additional charges to the customer unless the additional cost resulted from conditions which could not have been anticipated, controlled or discovered without undue expense. In such event, the increased cost to the customer shall be no greater than 10% of the firm estimate. Payment for additional charges due to unforeseen circumstances can be made in two equal annual installments without interest.

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3. The customer will be responsible for providing all rights-of-way easements and permits as necessary for the Company to proceed with the required work. If the customer is unable to obtain the necessary easements or permits, or an alternate route is necessary, the Company reserves the right to revise the estimate and charge the customer according to the actual costs incurred.
4. Scheduling of construction shall be done as soon as reasonably possible following payment in full by the customer. If the date scheduled for commencement of construction is not satisfactory to the customer, a date mutually agreeable will be established.
5. Where additional costs are incurred by the Company at the request of the customer, the customer shall be required to pay for such costs.
6. The Upper Peninsula of Michigan was excluded from the mandatory underground rules adopted by the Michigan Public Service Commission in Case No. U-3001.
7. Each distribution line extension shall be a separate, distinct unit and any further extension therefrom shall have no effect upon the agreements under which such extension is constructed.
8. At the request of a customer, existing overhead electric distribution service lines may be replaced with underground facilities where, in the opinion of the Company, such replacement is feasible and would not be detrimental to the electric service to other customers. Before replacement construction is started, the customer shall be required to pay the depreciated cost (net cost) of the existing overhead facilities plus the cost of removal, less the value of materials salvaged, and also pay the full cost of the underground installation.
9. The Company may designate areas where, in the Company's opinion, for aesthetic or technical reasons all installations shall be underground. All future customers in such Underground District would be subject to the applicable provisions of these rules, except that the Company reserves the right to refuse to install its facilities underground in cases where, in the Company's opinion, such construction would be impractical or present a potential detriment to other customers' service.
10. In areas other than declared underground areas, if the Company, for its own convenience, installs its facilities underground, the differential between estimated overhead construction costs and underground costs of such installation will be borne by the Company.

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**C. Subdivisions**

1. Residential subdivisions and other areas where a governmental body or owner mandates underground distribution facilities and services shall be designated as Underground Districts. The Company may also designate areas where, in the Company's opinion, such designation would be desirable for aesthetic or technical reasons. All future applicants for service in the Underground District would be subject to the applicable provisions of these rules, except that the Company reserves the right to refuse to install its facilities underground in cases where, in the Company's opinion, such construction would be impractical or present a potential detriment to other customers' service.
2. The Company will furnish, install, own, and maintain the entire underground electric distribution system, including the service lateral cables. The trenches for primary or secondary cables may be occupied jointly by facilities of the Company and other utilities where satisfactory agreement for reimbursement exists between the Company and other utilities. Company cables shall be separated by at least five (5) feet from paralleling underground facilities of other utilities, i.e. gas, water, etc., which do not share the same trench. The underground placement of all facilities shall be performed in compliance with Federal, State and local codes. The Company agrees to notify other utilities when maintenance of facilities requires digging in the easement and to comply with the requirements of MCL 460.701 et seq.
3. The service normally available from the system will be at secondary voltage, single-phase, three-wire, 60 Hz. When required, three-phase service will be made available.
4. The developer or owner must provide for recorded easements or right-of-way acceptable to the Company. The easements are to be coordinated with other utilities and will include easements for street lighting cable. The easement or right-of-way must be cleared of all trees, stumps, and obstructions to allow trenching equipment to operate. Survey stakes indicating easements, lot lines, and grade must be in place, and the developer or owner must certify to the Company that the easements are graded to within four (4) inches of final grade before the underground distribution facilities are installed.

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5. The developer or owner will be responsible for any cost of relocating or repairing Company facilities caused by his operations or the operations of anyone under the developer or owner's directions.
6. Any extension from an existing distribution system or subdivision shall be considered a distinct separate unit and treated accordingly.
7. All costs of installation, relocation or rearrangement of facilities shall be paid by the owner.

**D. Mobile Home Parks**

1. Distribution facilities in new mobile home parks shall be placed underground.
2. The Company will furnish, install, own and maintain the entire underground electric distribution system including the pre-meter portion of the service lateral cables for new mobile home parks.
3. The service for tenant loads normally available from the system will be at secondary voltage, single-phase, 120/240 volt, three wire, 60 Hz. Three-phase service will be made available for pumps and service installations only under terms of a separate agreement. Certain related equipment, such as pad-mounted transformers, switching equipment and service pedestals may be above-grade. The area must be suitable for the direct burial installation of cable.
4. The park owner must provide for each mobile home lot an industry-recognized meter pedestal that meets the National Electrical Code and all state and local ordinances.
5. All costs of installation, relocation or rearrangement of facilities shall be paid by the owner.
6. In the event the park owner requests relocation of facilities or such facilities are endangered by change in grade, the park owner shall pay the cost of the relocation or rearrangement of the facilities.
7. Mobile home parks are considered residential installations for purposes of refunding.

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E. Residential1. Definitions

- a. Year-round Residential Service - Service to customer at address shown on driver's license and voter's registration card.
- b. Seasonal Residential Service - Service to customer other than year-round customer.

2. Charges

Actual cost of construction.

3. Refunds

- a. At the time of connection, a refund will be made to the original customer or developer of three times that customer's average annual distribution revenue, not to exceed the net cost of construction.
- b. Refunds for Direct Connections to a Residential Line Extension:

During the 60-month period immediately following the date of the original line extension agreement, the Company will make refunds, without interest, to the original residential customer for each subsequent direct connection to the line extension as follows:

## 1. Direct Connections - Residential

A refund will be made to the original residential customer for subsequent direct connections to the original line extension by residential service customers equal to three times the average annual distribution revenue of the directly connected customer minus the net cost of construction of that direct connection. The minimum refund shall be \$500.00.

## 2. Direct Connections - Commercial/Industrial

A refund will be made to the original residential customer for subsequent direct connections to the original line extension by commercial or industrial service customers equal to the first 24 months' actual distribution revenue (less sales tax) of the directly connected customer minus the net cost of construction of that direct connection. The minimum refund shall be \$500.00.

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- c. Notwithstanding any of the above, the total of all refunds to the original residential line extension customer or developer shall not exceed the original customer's net cost of construction.

F. Commercial/Industrial1. Charges

Actual cost of construction.

2. Refunds

- a. An amount equal to each month's actual distribution revenue shall be credited to the original commercial/industrial customer's monthly billing, (less sales tax) for a period of 24 months. The refund shall be limited to the net cost of construction.

- b. Refunds for Direct Connections to a Commercial Line Extension:

During the 60-month period following the date of the original line extension agreement, the Company will make refunds, without interest, to the original commercial/industrial customer for each subsequent direct connection to the line extension as follows:

## 1. Direct Connections - Residential

A refund will be made to the original commercial/industrial customer for subsequent direct connections to the original line extension by residential service customers equal to three times the average annual distribution revenue of the directly connected customer minus the net cost of construction of that direct connection. The minimum refund shall be \$500.00.

## 2. Direct Connections - Commercial/Industrial

A refund will be made to the original commercial/industrial customer for subsequent direct connections to the original line extension by commercial or industrial service customers equal to the first 24 months' actual distribution revenue (less sales tax) of the directly connected customer minus the net cost of construction of that direct connection. The minimum refund shall be \$500.00.

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- c. Notwithstanding any of the above, the total of all refunds to the original commercial/industrial line extension customer shall not exceed the original net cost of construction.

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